



Motor
Vehicle Sales Authority
of British Columbia

annual report | 2011



The Motor Vehicle Sales Authority of British Columbia (VSA)

The VSA is an independent authority administered under an agreement with the BC government to serve as an alternative governing body for the delivery of public services to consumers and industry.

vision

A professional motor vehicle sales industry serving responsible consumers.

mission

Continue to build a successful motor vehicle sales marketplace through education and compliance.

values

INTEGRITY – fulfilling our responsibilities in a truthful, professional and ethical manner while demonstrating impartiality, openness and transparency in all of our actions

SERVICE – prompt, efficient, professional, effective and courteous service to both licensees and consumers

EFFECTIVE COMMUNICATIONS – reinforcing the organization's Vision, Mission and Key Results using effective communication tools and technology

LIFELONG LEARNING – maximizing the use of new ideas and technology and encouraging growth and development in individuals, teams and in organizations

TEAMWORK – effectively working with our industry partners and other stakeholders, and among ourselves, to achieve agreed upon results

FISCAL RESPONSIBILITY – managing resources effectively and efficiently



key results

Key Results are clear high-level descriptions of the outcomes that the VSA is working to achieve. They are the noticeable and measurable achievements expected for the organization over the next five-to-ten years. They help clarify direction, address major issues and focus priorities.

The VSA has five Key Results:

- Successful marketplace for both consumers and industry
- Industry, consumer and government support
- Responsible industry and knowledgeable consumers
- Effective communications
- Adequate resources

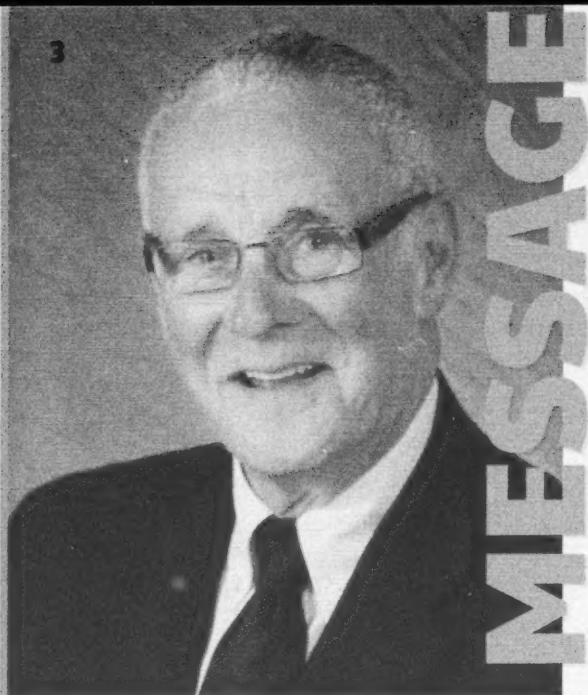
The VSA's Board and staff continue to revise and update strategies and actions under each of these Key Result areas. High-level measures and accountabilities are used to track outcomes and activities.

strategic objectives

Strategic objectives are specific desired outcomes developed to assist the VSA in achieving its Key Results as outlined above. They describe specific accomplishments, focus on results to be achieved and form the foundation for strategies and action plans.

The following strategic objectives are specific outcomes designed to achieve the VSA's Key Results:

- 1) Increased visibility and credibility of the VSA within British Columbia
- 2) Understanding of, and compliance with motor vehicle legislation
- 3) Accurate, accessible and cost effective motor vehicle dealer and salesperson registry
- 4) Leading edge and effective learning programs for industry and consumers
- 5) Effective and timely information delivery to licensees
- 6) Effective interactive website and social networking systems
- 7) Stable and current technology
- 8) Effective management and resolution of consumer complaints
- 9) Cost-effective and targeted consumer awareness information
- 10) Compliance actions integrated with other enforcement agencies
- 11) Valued statistical data for the motor vehicle sales industry
- 12) Responsible fiscal management
- 13) Respected cost-effective leadership and governance
- 14) Qualified, resourceful and motivated staff
- 15) Effective human resources practices



Honourable Shirley Bond
Minister of Public Safety
and Solicitor General
Victoria, BC

Dear Minister:

On behalf of the Board of Directors, the Registrar, the management and staff of the Motor Vehicle Sales Authority of British Columbia (VSA), it is a privilege for me to present the Annual Report for the year ending March 31, 2011.

Originally established as the Motor Dealer Council of British Columbia, the VSA was formed in 2004 as a delegated administrative authority that would regulate the motor dealer industry both legislatively and administratively by a) delivering public services for consumers and industry; and b) administering and enforcing the Motor Dealer Act and the Business Practices and Consumer Protection Act as it relates to the retail sale of motor vehicles.

The VSA continues to build a successful motor vehicle sales marketplace through education and compliance, upholding the framework of a professional industry and encouraging responsible consumers.

Our Board of Directors, consisting of individuals from both inside and outside the industry, is the embodiment of these principles.

Sincerely yours,
Graeme Roberts

New Beginnings and an Optimistic Future

I was appointed to the VSA Board of Directors in April 2009 as a member at-large having served for thirty years in the motor vehicle industry, twenty of which were as a franchised new vehicle dealer. I have had, and continue to have, a belief in the original vision of the motor dealer industry; namely, the responsibility of working with government as a self-managed governing body that embraces regulatory safeguards for the consumer.

At the Annual General Meeting in September of 2010 I decided to allow my name to stand for the position of Chair. I was duly elected.

We were virtually a brand new board with new appointees from industry, government and the public-at-large. We quickly became aware of certain problems and frustrations harboured by industry stakeholders and have endeavoured to address these issues through communication and action.

I am stimulated by the tasks and challenges that lie before us now and in the times ahead, and am counting on qualified and objective participation and input by each and every one of my colleagues on the Board with their diversified interests, skills knowledge and experience. We are strongly supported by a knowledgeable and professional team of management and staff dedicated to the goals and principals established by the VSA.

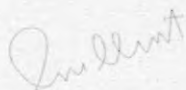
Key challenges include the tracking and closing down of the so-called "curber," those who are engaged in the sale of vehicles without a licence. This is a serious and ongoing problem that in order to be solved must engage the combined efforts of the provincial government, ICBC and various law enforcement agencies. The VSA will continue to take a serious role in this regard. A means and method of having the consumer contribute to the cost of operation of the VSA, to give some relief to those presently footing the entire bill is also an objective and the VSA will continue to encourage and work with government to bring about a fair and equitable formula to establish such funding.

The motor vehicle industry provides over \$15 billion of annual economic impact to the BC economy. Together we have a responsibility to protect and strengthen our collective long-term viability.

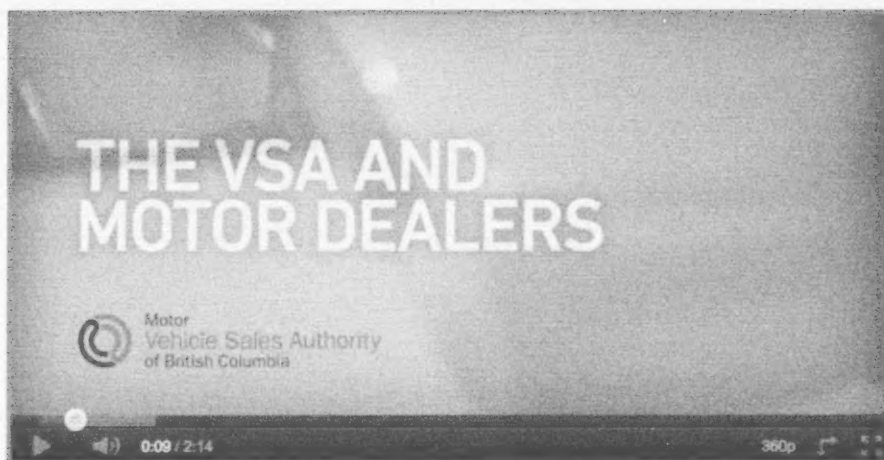
As Chair and a person with a background in and very serious and fond attachment to the vehicle industry and its image and reputation, I intend to continue working wholeheartedly with the NCDA, the ARA, the RVDA, the Provincial Government, our board of directors, management and staff in order to achieve the goals and objectives originally established :

- To further enhance the image of the motor dealer industry serving an informed and confident public.
- To pursue and promote excellence in pursuit of consumer confidence by raising industry standards of professionalism through programs of education, communication and fiscal responsibility.

Through it all, may fairness, common sense and the best interests of those whom we collectively represent and serve, prevail.

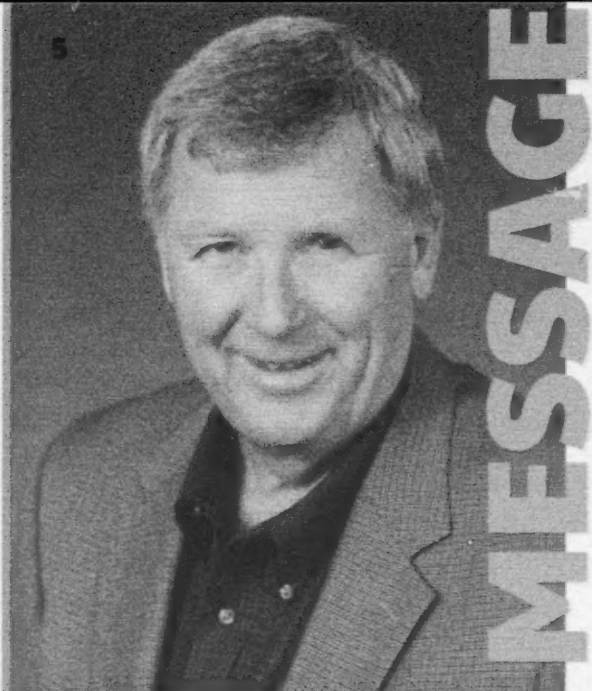


Graeme Roberts



[Click here to view the VSA and Motor Dealers Video](#)

**"We quickly
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PRESIDENT'S MESSAGE

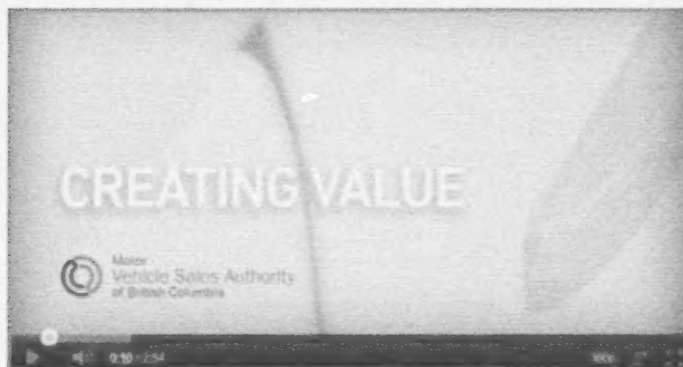
"The VSA is...a regulatory agency established to ensure that unwanted selling practices do not continue and to help promote industry professionalism."

Creating Value

This year's Annual Report emphasizes the theme "creating value," a well understood business term often used when discussing customer service levels and pricing. So how does a regulatory agency that is focused on education, business practices, compliance matters and resolving consumer complaints, convince anyone that their fees and services offer good value?

This question has plagued the best minds of regulatory agencies and public policy gurus from the beginning of time. There are hundreds of books, thousands of articles and untold public enquiries and government reviews on the subject. No one seems to have come up with a clear answer.

The main reason for this is quite simple – regulatory agencies are most often established to make sure that wanted, or unwanted activities do, or do not, continue. So, when the regulatory agency becomes successful, the issues it was established to resolve, get resolved. And, once this happens, how do you then measure the agency's ongoing value?



[Click here to view the Creating Value video](#)

As an example, if a food safety regulatory system is successful, it soon becomes very difficult to measure its ongoing value. Yes, food is safe, but realistically all that is known at this point (i.e. measurable) is that consumers and industry don't want to have the same problems that existed prior to the regulations being put in place. You can't measure something that doesn't exist any longer.

It is no different for the VSA. One of our initiatives has been to make sure individuals and dealers working in the industry do not have criminal records. Controls over this concern were significantly improved in 2005 when all salespersons in the province were required to have a licence and the dealer licensing rules were improved.

Similarly, in 2006 and 2007, major work was done by the VSA to clarify and enforce the advertising rules as they apply to the sale of motor vehicles in BC. Now, some five years later, significant changes can be seen in dealer and salesperson advertising. Much more needs to be done in this area, but again, one can only guess as to what might be happening if the VSA were to discontinue its compliance and education activities regarding advertising.

In 2007 and 2008, the VSA focused on learning, bringing all programs in-house and making significant upgrades to the learning materials. We now have certification programs that are the envy of the country, including one of Canada's first web-based certification programs for licensing. But again, there

remains the same question: what is the ongoing value of having over 6000 individuals working in the motor vehicle sales industry who have participated in these much improved learning opportunities? What would happen if these programs did not continue?

Getting down to basics, why is it that most jurisdictions in the developed world have chosen to regulate their motor vehicle sales industry?

The concerns and history may vary between regulatory agencies but the main reason that the retail sale of motor vehicles is regulated in almost every jurisdiction in the world is to protect the consumer, and the industry itself, from unwanted and harmful business practices. The VSA is no different in this regard – it is a regulatory agency established to ensure that unwanted selling practices do not continue and to help promote industry professionalism.

We have now come full circle on the question that was raised at the beginning of this report - the question that has tested regulatory agencies and public policy gurus from the beginning of time. Now that the VSA is becoming successful at dealing with the issues it was established to deal with, how do we measure the agency's ongoing value?

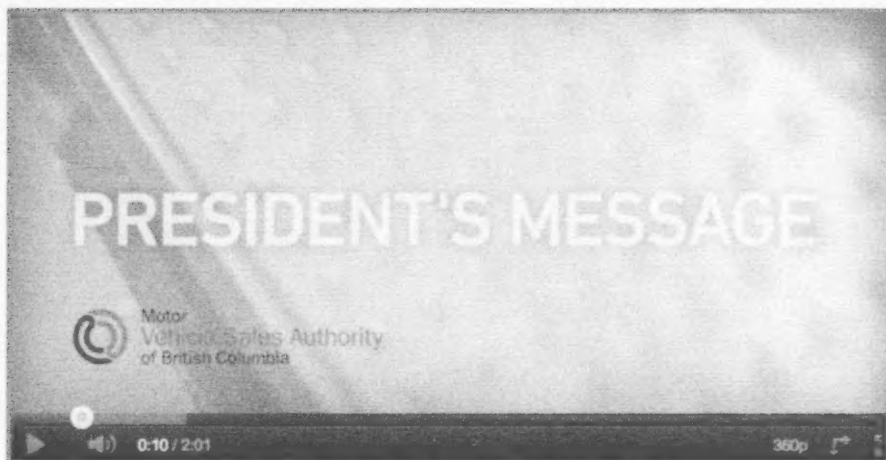
A measurement process is being developed to help answer this question. It starts with the 15 strategic objectives listed earlier in this report. This new "performance management system" will provide some needed detail and will be available in next year's annual report. And, as discussed above, it can only provide some answers to this difficult question of "creating value".

In the interim, please note that each of the listed 15 strategic objectives is a specific statement of the value the VSA provides to both consumers and industry. The VSA's hard-working and dedicated staff focus on these objectives with the intention of creating value for both industry and consumers in everything they do.

In closing, and as this is the last time I will be reporting, I would like to thank VSA Board members, both past and present, for providing me with the opportunity to start and build this new and innovative organization from start-up through to the present.



Ken Smith



[Click here to view the President's Message Video](#)

**"We now have
certification
programs that
are the envy of the
country, including
one of Canada's
first web-based
certification
programs for
licensing."**



financial services

The VSA's track record of balanced budgets and modest surpluses continued this year. Licensing revenue remained stable despite uncertainty in the vehicles sales marketplace that mandated conservative budgeting going into the fiscal year. As a result, gross revenues of \$4,662,905 covered all expenditures and left a surplus of \$317,166. This modest surplus adds to a prudent multi-month operating reserve.

Highlights of the year included:

- The agency continues to have very strong cash reserves – a necessity given a minimum of \$1.5 million in unearned revenue from accrued licence fees.
- Licensing fees represented 75% of the agency budget, with administration fees, course revenues and other income making up the balance.
- While costs increased in many categories as a result of the HST and inflation, economies in other areas compensated. A notable example was the impact of the buy-out at lease-end of the agency fleet and the fuel savings associated with the hybrid vehicles.
- Amortization expense declined, despite the recent investment in vehicles, as the prior investment in specialized software has been fully recognized. This reflects the reality that the useful life of the customized software is approaching the end.

Note: The 2010-2011 audit was delayed as the VSA had incorrectly interpreted and accounted for contributions to specified employee RSP accounts. The errors were discovered and remedied after the year end. The financial statements reflect the corrections.

communications

VSA communications are moving away from traditional print material towards online delivery. The 2011 Annual Report is a good example. It has been developed to be viewed online, along with its embedded videos. The videos give a glimpse into day-to-day activities, help raise awareness and credibility, and communicate the value the VSA brings to industry and consumers.

With the recent launch of the VSA's social media platforms, including a corporate blog, Twitter account, Facebook page and YouTube channel, we continue to share valuable and timely information with consumers and businesses. The change in



approach to two-way communications has allowed consumers and industry members to publish and share their opinions or concerns. The focus on online communications is currently centred on the redevelopment of the VSA website to be more user-friendly for both industry and consumers. The VSA regularly receives feedback, and as a result continues to improve content, messaging and the ways we distribute our multimedia communications.

As we broaden our ability to provide information and services to assist consumers through the buying process, we have been working with Consumer Services on various initiatives to increase awareness and educate consumers. The concept of "Plan, Test, Buy" is designed to help consumers negotiate responsibly and to have a successful buying experience.

We have released a series of consumer informational videos that illustrate the fundamentals of being prepared for the buying process, the benefits of dealing with a licensed professional, tips on how to negotiate effectively with a dealership, and the risks of buying from unlicensed individuals and curbers. Geared towards the province's largest cultural communities, our public awareness campaign includes the release of three translations of the videos into Cantonese, Mandarin and Punjabi, all accessible on the VSA website.



[Click here to view the Diverse Auto Consumer Video](#)

Other communication initiatives directed to the consumer include:

- Submissions to different publications to help expand the reach of the VSA's messaging. As an example, the VSA's article in the British Columbia Newcomers' Guide to Resources and Services is important to target recent international arrivals to British Columbia;
- A short video produced in collaboration with the Better Business Bureau provides tips for consumers and a brief description of the VSA and the services it offers to the public;
- Participation and displays in trade shows like the

Vancouver International Auto Show and Smart Shoppers, help to promote awareness, education and consumer protection.

To date, our strongest communication tool in reaching the industry has been the Level I and II salesperson certification courses. These courses provide a forum that highlights the laws of British Columbia that the industry must abide by, but also create an opportunity for an exchange of information and opinions. Industry bulletins and news releases are also important communications tools for releasing timely information to industry. Thus far, the positive feedback received from salespeople about the value of the VSA licence, specifically when it comes to conveying credibility and professionalism to customers, is exceptional.

Looking forward, the development and implementation of the VSA's new communications plan in conjunction with the strategic plan and business plan will ensure that the VSA's communications efforts continue to provide value to both consumers and the motor vehicle sales industry in British Columbia in years to come.

the learning division

The Level I & II salesperson certification courses continue to provide valuable interaction between the VSA and members of the industry. Classroom learning is led by three experienced

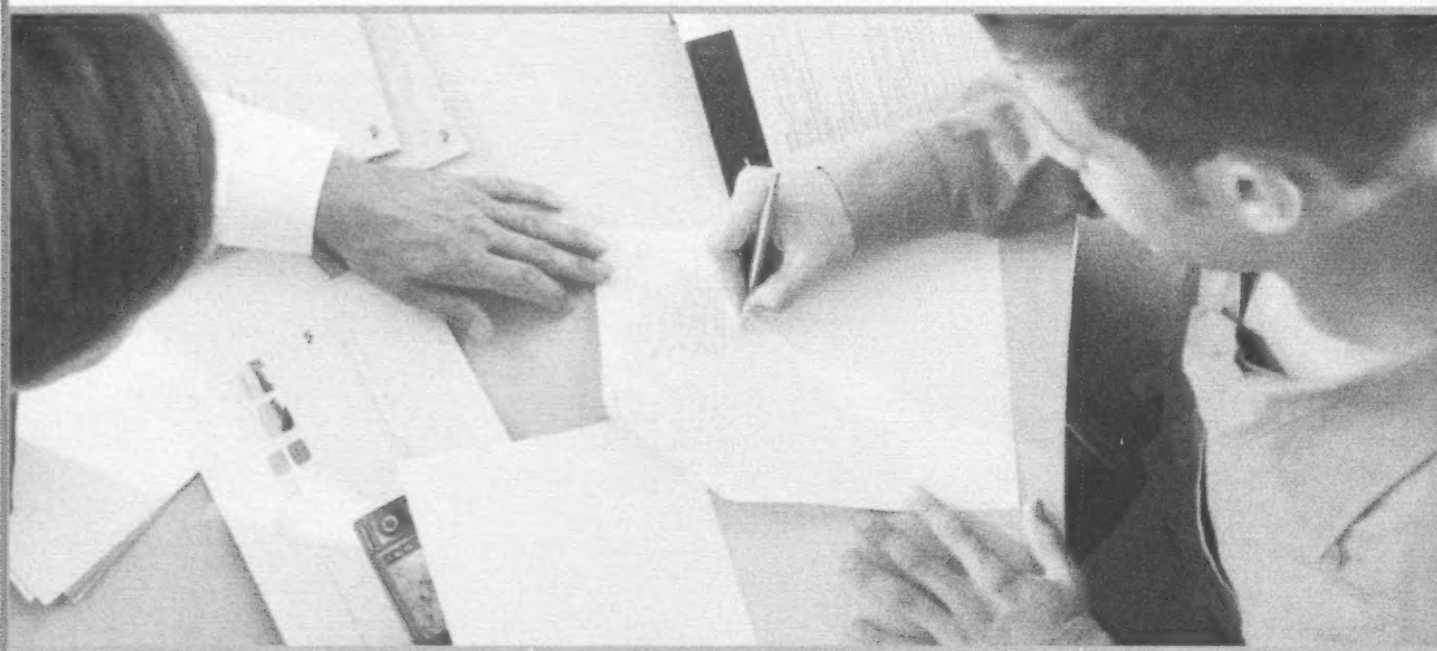
facilitators and senior VSA staff members, including the Registrar and Deputy Registrar.

The VSA continues to deploy education as the first line of compliance, with enforcement used should voluntary efforts not live up to expected industry standards. Both courses provide a comprehensive foundation for industry legislation and regulation, and its application in day-to-day situations. Drawing upon over 20,000 enquiries and 4,000 investigations, both courses are largely experience-based, delivering information that is relevant and accessible to participants.

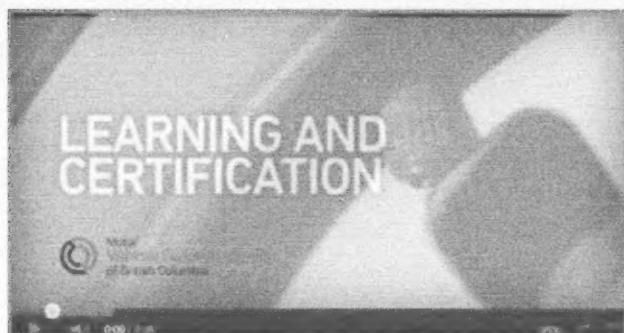
While classroom learning still dominates, web-based learning for Level I continues to grow, with nearly one quarter of all participants using this combination of interactive online sessions and a self-study website. New hires from Dawson Creek to Courtenay, and Kamloops to Cranbrook, were able to be quickly certified as a result of this option. This portability was essential in keeping costs low for new hires outside the Lower Mainland and Victoria. Interestingly, failure rates are lower and overall test scores are slightly higher for the web-based classes, although the evaluations for both formats are very positive.

The Level II course has proven to be a very successful two-way communications tool. The curriculum is grounded in best practices acquired from real world examples, including strategies on how to limit dealership risk and enhance professional practices and conduct.

The Level II classes held outside Metro Vancouver and Victoria provide an opportunity for the Registrar to interact in person with industry veterans from across the province. Hearing their



perspectives is extremely important in developing course content and compliance strategies applicable to all British Columbia's licensed dealers.



Click here to view the **Learning and Certification** Video

consumer services

The Consumer Services team plays an important role in building a fair motor vehicle sales market place.

Operations of Consumer Services are twofold: reactive and proactive. The team moves dynamically between operating a Consumer Enquiry Line (accepting and acting upon complaints from the public regarding alleged improper practices) and raising consumer awareness around issues from the motor vehicle sales industry. An educated and empowered consumer is more likely to act responsibly in the market.

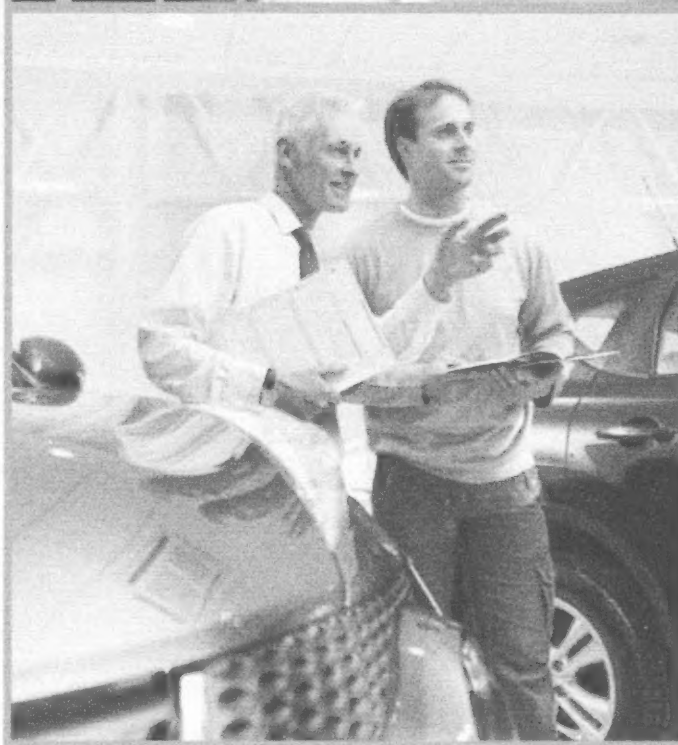
The VSA's dialogue with consumers commonly starts with a Consumer Services Officer receiving a phone call, reporting a problem and asking for help.

In 2010-2011, the team dealt with over 2000 enquiries. The top reasons for consumers contacting the VSA include allegations of losses caused by various misrepresentations or deceptive acts. Consumer Services Officers conduct a professional initial assessment of issues involved, communicate with both parties and then select an appropriate action from a broad spectrum of dispute resolution options. These range from providing general information, referral of matters outside the VSA's jurisdiction or, in fewer cases, immediate escalation to an investigation.

While the volume of initial enquiries is quite high, not all of them warrant investigation. Effective case management works to the benefit of all parties involved in a complaint – at all times ensuring timely communication of options and outcomes.

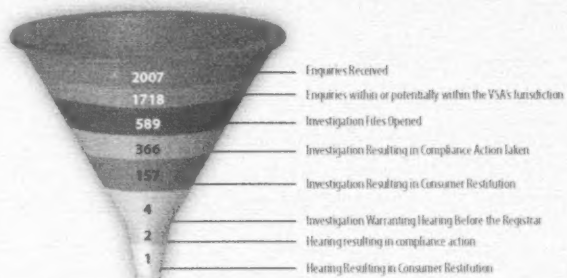
Dealerships, salespeople and the VSA's Learning, Compliance and Licensing teams work together to increase the overall

	Level 1	Level II Upgrade
Number of Classes in 2010-2011	52	41
Participants in 2010-2011	1,145	958
% of classes held outside of Metro Vancouver or Victoria	24	41

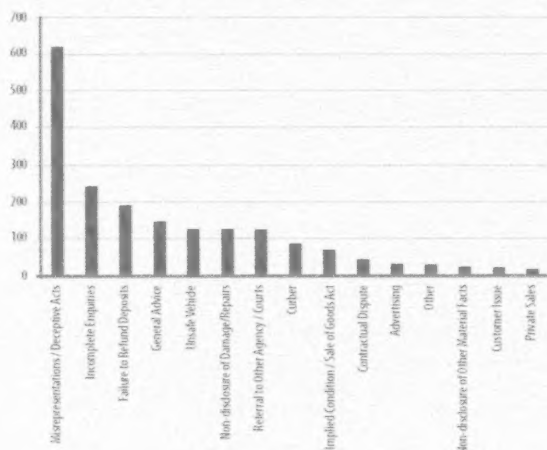


Breakdown of Consumer Services Enquiries 2010-2011

Consumer Enquiries and Complaints
Volume and Process



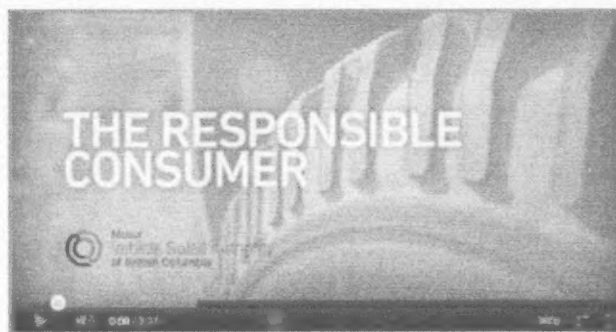
Top 15 Enquiry Types



professionalism of the industry. At the same time, the role of the consumer in the vehicle purchase process needs to be strengthened. For example, sometimes consumers enter the marketplace with a vague intention to purchase a vehicle, yet are not equipped with even the most basic facts or questions needed to achieve a satisfactory outcome. Another pattern involves consumers putting a lot of energy towards researching the vehicle and its features without paying attention to the terms of the purchase agreement, financing and warranty provisions.

The VSA message to consumers is to act responsibly by investing time and effort into the entire vehicle buying process. The 'Plan Test Buy – It's Your Choice' framework encourages members of the public to assess all aspects of the transaction. Does this car suit my needs? Do I understand all the terms of the deposit agreement? Is it possible to terminate the lease in a year? What does this charge stand for? These are a few examples of the questions that a responsible consumer should be considering before signing a legally binding purchase agreement.

While the final decision about the correct purchase is for each consumer to make, the VSA functions to provide resources to help responsible purchasers make an educated choice. The VSA continues to improve and develop consumer awareness initiatives using various avenues: the VSA's website, social media, partnerships with communities and consumer protection organizations. The focus is on educating the public on their rights and responsibilities when purchasing a motor vehicle.



Click here to view the **Responsible Consumer** Video

Motor Dealer Customer Compensation Fund

Overview

The Fund was established in 1995 and replaced a requirement for motor dealers to maintain a \$15,000 bond that could be used to buffer consumer loss due to a dealer's bankruptcy or other financial failure. However, this bond system proved to be ineffective for both dealers and consumers. The Fund was established to serve as a mechanism for public security and to remedy the shortcomings of the bond system.

The purpose of the Fund is to reimburse consumers for eligible financial losses related to the purchase or lease of a motor vehicle, purchase of an extended warranty or service plan, or consignment of a motor vehicle in a transaction with a licensed motor dealer, particularly in circumstances where the dealer is no longer in business. The maximum amount of compensation that may be awarded is \$20,000 per loss. Where compensation is paid from the Fund, the dealer who caused the claim to be paid must repay the amount of compensation and the amount of investigation costs for the claim, or the Registrar may cancel the licence.

The Fund operates in compliance with the statutory requirement of the Motor Dealer Act and Motor Dealer Customer Compensation Fund Regulation, provisions of the Delegated Administrative Authority Agreement and the rules of administrative fairness and natural justice.

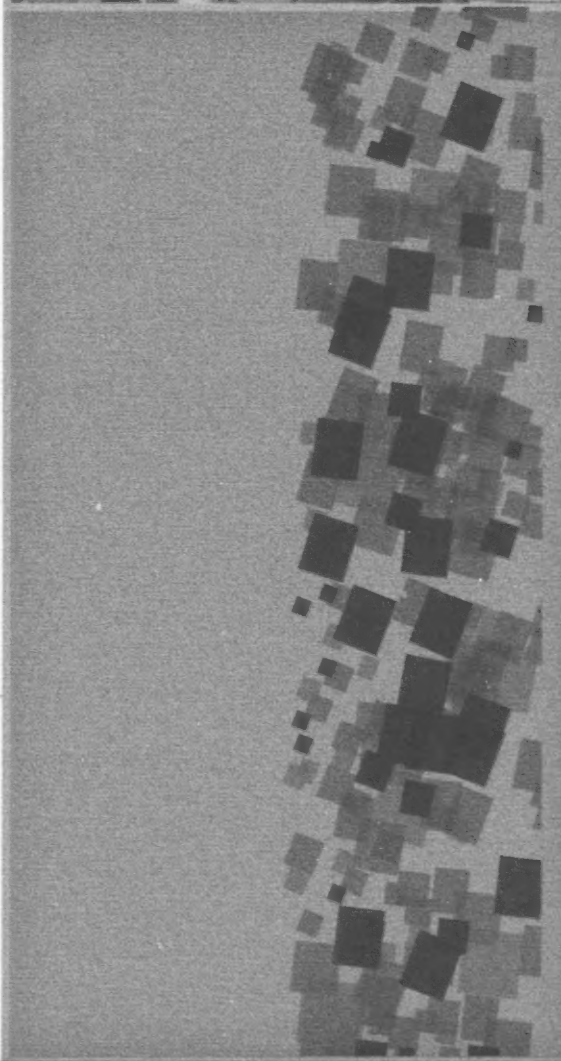
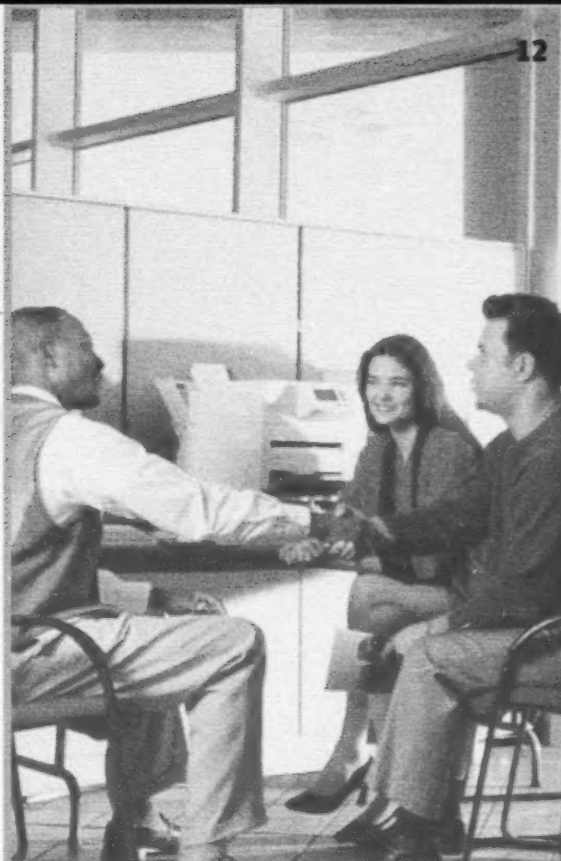
The Minister of Finance is the trustee of the Fund. It is financed through mandatory \$300 annual contributions by all licensed dealers in BC, as required by the Registrar. The Ministry of Public Safety and Solicitor General is responsible for processing payments to and from the Fund. As of March 31, 2011, the Fund balance was estimated at \$783,340.

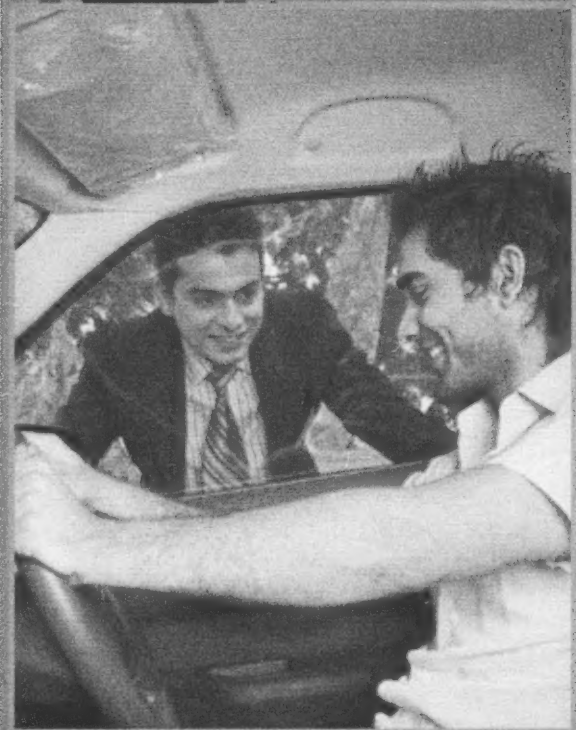
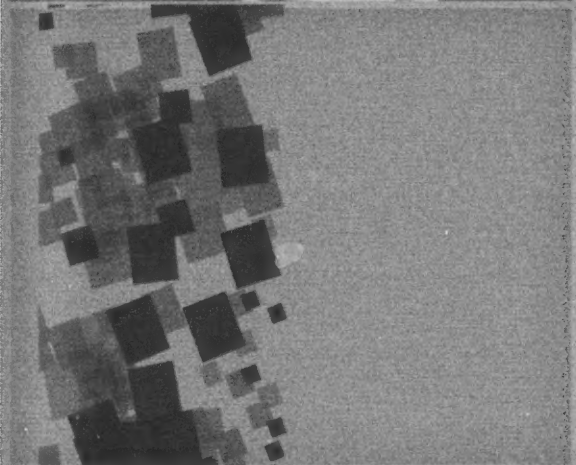
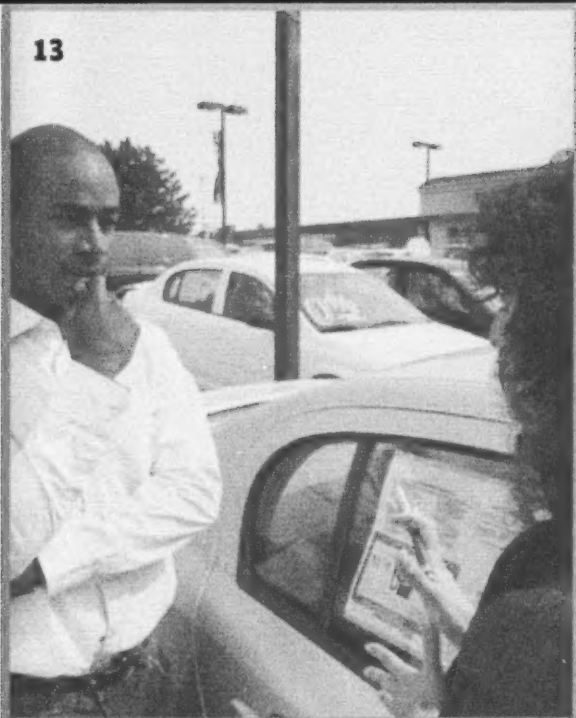
The VSA carries out all aspects of the Fund's administration, including collecting contributions and repayments, providing administrative and operational support and performing Fund management and accounting.

Claims against the Fund are adjudicated by the Motor Dealer Customer Compensation Fund (MDCCF) Board, an independent administrative tribunal. The Board consists of five members that are appointed by the VSA Board's Governance Committee. Three members of the Board represent the public and two represent the vehicle sales industry.

Value

For the benefit of both the public and the industry, the VSA makes sure the Fund is used cost effectively and as a last resort for consumers when the motor dealers having caused the claim are no longer in business. This approach is used throughout the entire process, including: transparent information about the Fund; systematic approach to claims intake and dispute resolution; well-developed Board adjudication outlines; and accurate claims management.





The VSA's Consumer Services provide the public with information about their options for dispute resolution. In fact, not every claim received needs to be adjudicated by the Fund. If a claim involves a transaction with a currently operating and licensed BC Dealer, the VSA Compliance Team will conduct an investigation and attempt dispute resolution. Only when resolution fails, will such a claim be adjudicated by the MDCCF Board.

Plain language information about the Fund in the Questions and Answers format is available on the VSA's website to assist consumers in self-assessment before filing a claim. As a result, consumers often choose filing a complaint with the VSA rather than filing a Compensation Fund claim, which was not the case in the past. In 2010-2011 only 8% of filed claims involved dealers in business.

VSA's Consumer Services handle the intake and initial assessment of claim applications, deflecting incomplete and ineligible claims at the pre-hearing stage. During 2010-2011, the VSA received 80 claims, 26% of which were handled through the VSA's internal dispute resolution system without involvement of the MDCCF Board. This eliminated costs associated with at least one day of claims hearings by the Board and resulted in faster determinations for the parties.

In July 2009, work was started on development of the policy document to support all aspects of Fund operations. During 2010-2011, collaboration of the policy development team with the Registrar, the Chair of the VSA Governance Committee, the MDCCF Board and the VSA Management Team resulted in creating a comprehensive policy. Application of the policy and procedures streamlines operations of the Fund and ensures it is fair, consistent and cost-effective.

During 2010-2011, the Board met 4 times and adjudicated 64 claims (54 received during the reporting year and 10 carried over from the previous year). The Board approved 42 claims that resulted in \$246K paid to consumers from the Fund. The application of Fund policies has added valuable structure and consistency to the adjudication process. Members of the Fund Board and the Claims Manager are members of the BC Council of Administrative Tribunals and Council of Canadian Administrative Tribunals.



[Click here to view the Economic Development Video](#)

	2009-2010	2010-2011
Number of claims adjudicated by MDCCF Board	26	64
Number of claims approved by MDCCF Board	9 claims resulting in 74K paid out from Fund to consumers	42 claims resulting in 246K paid out from Fund to consumers
Types of Claims adjudicated	By the type of transaction	
	Vehicle purchase: 18 Consignment: 8 Warranty / service plan: 0	Vehicle purchase: 33 Consignment: 10 Warranty / service plan: 21
	By the vehicle type	
	Car: 17 RV: 9 Motorcycle: 0	Car: 62 RV: 2 Motorcycle: 0
	By dealer in business / not in business	
	In business: 10 Not in business: 16	In business: 10 Not in business: 54

licensing and compliance

The efforts of the Licensing and Compliance departments towards building a fair marketplace often seem to be an irritant to a few in the industry. For years, professionalism and accountability to the consumer for wrongful conduct was left to the courts to deal with or otherwise went unchecked. This left the few less scrupulous persons in the industry unchecked to make money at the disadvantage of consumers, fellow dealers and unfortunately, at the expense of the industry's reputation.

Over the past few years these two departments, working hand-in-hand with the Learning division, have educated industry members on the importance of professionalism and the impact of various laws on their operations. The result has been a reduction of formal Registrar hearings from a 2008 high of over 60 hearings to about 20 hearings in 2010. Importantly, half the issues in 2008 were unfair business practices but by 2010, the majority of issues related to salesperson licensing.



Some of the value that these two departments impart on the industry's professionalism includes working towards:

1. **Eliminating unjust practices** – Dealing with misrepresentations in their various forms such as advertising or consumer declarations. Removing these types of practices assists in building good will with the public creating enviable conditions for a sale and increasing the potential for repeat customers.
2. **Creating a level playing field** – VSA staff tries to ensure all members in the industry abide by the same laws.
3. **Improving business practices and outcomes** – Many dealers and salespeople now call our staff before a problem arises. The VSA team is able to create cost-effective solutions and provide advice to resolve unique problems when we are involved early in any potential disputes or licensing issues.
4. **Protecting against fraudulent claims** – It is unfortunate that some members of the public abuse the consumer protection legislation in B.C. The VSA acts as a safeguard against such abuses.
5. **Protecting and elevating the industry's reputation** – The pre-screening of all applicants done by the Licensing department, with the assistance of the Compliance staff, is a firewall against entry of unscrupulous persons. While all cannot be found during the pre-screening process, many are. The goal is to protect the industry's reputation and the economic interests of dealers and the Compensation Fund. There is a corresponding benefit to consumers noted further in this report.

Similarly, the departments are also determined to pave the way for consumers to have a positive buying experience by:

1. **Creating clarity and transparency in transactions** – Today a motor vehicle purchase is often the second largest purchase a person will make. For some, it will be the largest. By ensuring the industry avoids unjust practices and strives for adopting best business practices, the Compliance and Licensing teams assist in creating clear and transparent transactions. This is further bolstered by the VSA's Consumer Awareness Program as discussed in this report.
2. **Providing a dealer and salesperson registry** – Consumers can determine who is licensed and certified and who is not. The VSA website also allows consumers to read about compliance activity and topical issues in the dealer bulletins.
3. **Investigating complaints** – The VSA investigates complaints and where warranted, brings complaints to a formal hearing before the Registrar for resolution. During this time, the consumer is educated on the buying process.
4. **Vetting applicants for registration or licensing** – The best way to deal with a problem is to prevent it from happening in the first place. By vetting applicants and only licensing those who do not pose a risk to

the public interest, the VSA Licensing and Compliance teams aim to reduce the likelihood of unjust transactions. The hope is that consumers will have a good buying experience with their salesperson and their dealer.

Here are some of the past years' highlights from the two departments:

Licensing

Hearings involving salespersons rose this past year. This is attributed to: (a) completion of a targeted review of all licensed salespersons who had not completed a criminal record check in the past five years; (b) better review of applicants using internet resources; (c) a new criminal record check procedure; and (d) better sharing of information among licensing bodies such as the Insurance Council of BC and the BC Securities Commission.

Much effort during the year was placed on strengthening the VSA's response to "curbers" – unlicensed dealers. Frustration continues within the VSA and for industry members as the legislation to deal with curbers is limited and out of date. The Licensing department continues to try and convince unlicensed dealers to become licensed. If unsuccessful, the Licensing team works jointly with municipal bylaw enforcement departments and the Compliance department in an effort to gain compliance.

Representatives from the NCDA, RVDA, and ARA now contact the Manager of Licensing directly when they have questions regarding the licensing of their association constituents. This improved communication has allowed the three associations to better assist their members with any VSA licensing concerns.

A new program of emailing sales managers and general managers of dealerships reminding them when one of their sales staff have let their licence lapse has been well received and has also reduced the number of salespeople in lapsed status. Salespeople entering the industry rose this year by 23% over the previous year, while there has been a drop of 4% in salesperson renewals. This highlights the continued problem with high turnover of industry sales staff.

Compliance

The first Curber Conference hosted by the VSA on March 31, 2010, was followed by co-operation among agencies and further communications, including presentations by Deputy Registrar Ian Christman to: (a) the Township of Langley, City of Abbotsford and Mission bylaw enforcement departments; (b) the USA-based National Association of Motor Vehicle Boards and Commissions; (c) the Automotive Retailers Association; and (d) the Licensed Inspectors and Bylaw Officers Association of BC.

The Compliance team strengthened its relationship with various

local municipal bylaw enforcement departments as well as with the Canadian Revenue Agency. For the first time, the VSA took court action against a large curber in Surrey. Working with the Automotive Retailers Association, the VSA developed an online "Report a Curber" form. These new relationships and working closely with industry to educate and advise them on issues before they become complaints, has led to some efficiencies and a reduction in formal compliance activity. Much is now accomplished through dialogue and informal methods.

The Compliance team was kept busy this past year with several staff changes. Active open investigation files per Compliance Officer averaged 40 at any one time, as new Compliance Officers got up to speed. The number of regular inspections fell as a result of the investigation work load increase. Investigations are becoming increasingly larger and more sophisticated, and taking longer to complete. Steps are being taken to review the compliance staff change-over and to look at developing Compliance Officers within the organization to lessen the work load. This review will continue into the next year.

Dealer Licensing and Salesperson Statistics
(April 1, 2010 to March 31, 2011, unless otherwise noted)

	2010	2011
Dealer licences processed and issued	1543	1552
New dealer applications	98	93
Dealer renewals processed	1445	1459
New salesperson applications	1096	1308
Salesperson renewals processed	5797	5557
Salesperson licences currently issued *	6770	6776
Dealer licences currently issued*	1517	1474

NOTE *(summer 2010/2011 totals)



MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

AUDITOR'S REPORT

To the Members of Motor Dealer Council of British Columbia operating as Motor Vehicle Sales Authority of B.C.:

We have audited the statement of financial position of the Motor Dealer Council of British Columbia operating as Motor Vehicle Sales Authority of B.C., a not-for-profit Society, as at March 31, 2011 and the statements of operations, changes in net assets and accumulated excess of revenues over expenses and cash flows for the year then ended, and a summary of significant policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

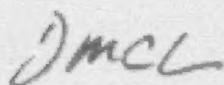
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Dealer Council of British Columbia as at March 31, 2011, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The comparative figures as at and for the year ended March 31, 2010 have been restated to reflect correction of an error. The details of the restatement are provided in Note 10 to these financial statements.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS
Vancouver
December 2, 2011

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
 OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

STATEMENT OF FINANCIAL POSITION

	March 31, 2011	March 31, 2010 Restated – Note 10
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,290,450	\$ 1,562,037
Money market funds (Note 3)	400,000	300,000
Receivables	15,727	18,546
Prepaid expenses and deposits	79,065	78,033
	1,785,242	1,958,616
MONEY MARKET FUNDS (Note 3)	1,400,000	800,000
PROPERTY AND EQUIPMENT (Note 4)	294,051	296,079
	\$ 3,479,293	\$ 3,054,695
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 401,156	\$ 376,825
Unearned revenue	1,591,001	1,560,028
	1,992,157	1,936,853
NET ASSETS		
INVESTED IN PROPERTY AND EQUIPMENT	294,052	296,079
RESERVED FOR FUTURE TRAINING COSTS	41,907	5,879
RESERVED FOR CONSUMER AWARENESS	325,441	309,341
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES	825,736	506,543
	1,487,136	1,117,842
	\$ 3,479,293	\$ 3,054,695

COMMITMENTS (Note 7)

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
 OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

STATEMENT OF OPERATIONS

	Year ended March 31, 2011	Year ended March 31, 2010
		Restated – 3Note 10
REVENUES		
Licensing fees	\$ 3,454,756	\$ 3,509,132
Registrar's hearings	16,000	11,850
Administration fees, training and other	1,156,180	737,602
Interest	35,969	7,014
	<u>4,662,905</u>	<u>4,265,598</u>
EXPENSES		
Advertising and promotion	92,883	92,805
Amortization	163,996	245,991
Automobile	87,738	123,168
Compensation fund expenses	100,549	77,638
Consulting	272,214	212,476
Governance	140,673	143,909
Office and general	490,925	413,149
Professional fees	116,651	153,814
Project development	5,324	582
Registrar's hearings	32,917	23,859
Rent and parking	245,044	223,869
Travel and meals	143,458	134,545
Wages and benefits	2,553,916	2,416,897
	<u>4,446,288</u>	<u>4,215,312</u>
Compensation fund recoveries	(100,549)	(77,638)
	<u>4,345,739</u>	<u>4,185,064</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	<u>\$ 317,166</u>	<u>\$ 80,534</u>

The accompanying notes are an integral part of these financial statements.

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

**STATEMENT OF CHANGES IN NET ASSETS AND ACCUMULATED
EXCESS OF REVENUES OVER EXPENSES
YEAR ENDED MARCH 31, 2011**

	Accumulated excess of revenues over expenses	Invested in property and equipment	Designated reserves	Net excess of assets over liabilities
	Restated – Note 10			Restated – Note 10
BALANCE, March 31, 2009, as restated	\$ 201,854	\$ 520,234	\$ 256,066	\$ 987,154
INVESTMENT IN PROPERTY AND EQUIPMENT, net of amortization	224,155	(224,155)	-	-
USED FOR CONSUMER AWARENESS	-	-	(28,253)	(28,253)
RESERVE FOR CONSUMER AWARENESS	-	-	78,407	78,407
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	80,534	-	-	80,534
BALANCE, March 31, 2010	506,543	296,079	315,220	1,117,842
BALANCE, March 31, 2010, as restated	\$ 506,543	\$ 520,234	\$ 256,066	\$ 1,117,842
INVESTMENT IN PROPERTY AND EQUIPMENT, net of amortization	2,027	(2,027)		
USED FOR CONSUMER AWARENESS			(19,027)	(19,027)
RESERVE FOR CONSUMER AWARENESS			71,155	71,155
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	317,166			317,166
BALANCE, March 31, 2011	\$ 825,736	\$ 294,052	\$ 367,348	\$ 1,487,136

The accompanying notes are an integral part of these financial statements.

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
 OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

STATEMENT OF CASH FLOWS

	Year ended March 31, 2011	Year ended March 31, 2010 Restated – Note 10
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 317,166	\$ 80,534
Items not affecting cash:		
Amortization	163,996	245,991
	481,162	326,525
Changes in non-cash working capital:		
Receivables	2,819	28,380
Prepaid expenses	(1,032)	3,839
Accounts payable and accrued liabilities	24,331	151,741
Unearned revenue	30,973	84,833
NET CASH FLOWS FROM OPERATING ACTIVITIES	538,253	595,318
INVESTING ACTIVITIES		
Purchase of money market funds	(700,000)	(1,100,000)
Purchase of property and equipment	(161,968)	(21,836)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(861,968)	(1,121,836)
FINANCING ACTIVITIES		
Cash reserved for training and development costs	52,128	50,154
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	52,128	50,154
NET DECREASE IN CASH	(271,587)	(476,364)
CASH AND CASH EQUIVALENTS, beginning of year	1,562,037	2,038,401
CASH AND CASH EQUIVALENTS, end of year	\$ 1,290,450	\$ 1,562,037
CASH AND CASH EQUIVALENTS CONSISTS OF		
Cash	\$ 1,190,450	\$ 1,562,037
Money market savings account	100,000	-
	\$ 1,290,450	\$ 1,562,037
Supplementary Cash Flow Information:		
Cash paid for interest	\$ -	\$ -

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2011

NOTE 1 – PURPOSE OF THE SOCIETY

The Motor Dealer Council of British Columbia ("the Society") was incorporated under the Society Act of British Columbia on July 31, 2003 as a not-for-profit society. The Society was created to exercise the authorities delegated to it by the provincial government of British Columbia for the administration and enforcement of the Motor Dealer Act and related regulations.

On April 1, 2004 the Government of British Columbia granted to the Society the authority to administer and enforce the Motor Dealer Act. The President of the Society is the Registrar of Motor Dealers. On March 30, 2007, subject to amendment to the Motor Dealer Act, the Society has become known as the Motor Vehicle Sales Authority of B.C. (VSA), better reflecting both the public and industry service roles of the independent regulatory agency.

The Society's mission statement is to regulate a fair motor vehicle sales marketplace through education and compliance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on the basis of Canadian generally accepted accounting principles for not-for-profit organizations.

To ensure observance of limitations and restrictions placed on the use of resources available to the Society such resources are classified for accounting and reporting purposes into funds according to activities or objectives specified.

Financial Instruments

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as held-for-trading, available for sale financial assets, held to maturity, loans and receivables, or other financial liabilities as follows:

- Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period.
- Available for sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet.

- Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.
- Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period unless the instrument is a cash flow hedge and hedge accounting applies in which case changes in fair value are recognized in other comprehensive income.

The Society's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Category	Measurement
Cash	Held for trading	Fair market value
Money market funds, maturing within one year	Held to maturity	Amortized cost
Money market funds, long term	Held to maturity	Amortized cost
Receivables	Loans and receivables	Amortized cost
Accounts payable	Other liabilities	Amortized cost

In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The changes in the difference between the fair value and carrying value of investments at the beginning and end of each year are reflected in the statement of operations. Transaction costs are expensed when incurred.

CICA Handbook Section 3862 requires disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Also see Note 5.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Significant areas that require management estimates relate to the provisions for amortization of property and equipment, recoverable value of property and equipment, fair value measurements of financial instruments, impairment of long-lived assets and deferred revenues.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with terms at the date of purchase for three months or less, which are generally held to maturity.

Money market funds

Money market funds consist of Canadian dollar denominated term deposits. Terms to maturity greater than ninety days, but not more than one year have been presented as a current asset. Terms to maturity greater than one year have been presented as a long term asset. Money market funds are classified as held-to-maturity and are recorded at amortized cost with realized and unrealized gains and losses reported in net income (loss).

Revenue Recognition

Licensing Fees

The Society records annual licensing fees from dealerships and sales representatives rateably over the period of licensing, which varies from twelve to twenty-four months.

Training Course Fees

The Society records course fees in the period the service is provided.

Compensation Fund

Recoveries from the Compensation fund are not recorded as revenues as the costs incurred by the Society are fully reimbursed by a third party.

Registrar's Hearings

Revenues from registrar's hearings are recognized upon receipt.

Administration and Other Fees

Revenues from administration and other fees are recognized in the period the services are provided and collection is reasonably assured.

Non-Monetary Transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance. The

commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction.

Property and Equipment

Property and equipment are recorded at cost. Amortization is provided over the estimated useful lives of the assets as follows:

Computer equipment	straight-line over 3 years
Computer software	straight-line
Furniture and equipment	straight-line over 5 years
Leasehold improvements	straight-line over 5 years
Vehicles	declining balance over 8 years
Oasis software	straight-line over 3 years

The carrying value of all categories of property and equipment are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on estimates of undiscounted and discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Related Party Transactions

All monetary transactions occurring with related parties in the normal course of operations are measured at the exchange value which is determined by management to approximate fair value. Non-monetary transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. The commercial substance requirement is met when the future cash flows associated with the transfer of property are expected to change significantly as a result of the transaction. All other related party transactions are valued at the carrying amount.

Comparative Figures

Certain of the comparative figures have been restated to conform to the current year's presentation.

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
 OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

NOTE 3 – MONEY MARKET FUNDS

Money market funds consist of the following:	2011	2010
Guaranteed Investment Certificate due March 23, 2011, interest rate of 1.17% per annum	\$ -	\$ 100,000
Guaranteed Investment Certificate due March 23, 2011, interest rate of 1.17% per annum	-	100,000
Guaranteed Investment Certificate due March 24, 2011, interest rate of 3.03% per annum	-	100,000
Guaranteed Investment Certificate due February 27, 2012, interest rate of 1.72% per annum	100,000	-
Guaranteed Investment Certificate due March 23, 2012, interest rate of 1.85% per annum	100,000	100,000
Guaranteed Investment Certificate due March 23, 2012, interest rate of 1.85% per annum	100,000	100,000
Guaranteed Investment Certificate due March 23, 2012, interest rate of 1.85% per annum	100,000	100,000
Guaranteed Investment Certificate due February 25, 2013, interest rate of 2.00% per annum	100,000	-
Guaranteed Investment Certificate due March 25, 2013, interest rate of 2.50% per annum	100,000	100,000
Guaranteed Investment Certificate due March 25, 2013, interest rate of 2.50% per annum	100,000	100,000
Guaranteed Investment Certificate due March 25, 2013, interest rate of 2.55% per annum	100,000	100,000
Guaranteed Investment Certificate due February 25, 2014, interest rate of 2.60% per annum	100,000	-
Guaranteed Investment Certificate due March 24, 2014, interest rate of 2.96% per annum	100,000	100,000
Guaranteed Investment Certificate due March 24, 2014, interest rate of 3.00% per annum	100,000	-
Guaranteed Investment Certificate due March 24, 2014, interest rate of 3.03% per annum	100,000	100,000
Guaranteed Investment Certificate due February 25, 2015, interest rate of 2.90% per annum	100,000	-
Guaranteed Investment Certificate due April 20, 2015, interest rate of 3.70% per annum	100,000	-
Guaranteed Investment Certificate due April 20, 2015, interest rate of 3.70% per annum	100,000	-
Guaranteed Investment Certificate due April 20, 2015, interest rate of 3.70% per annum	100,000	-
Guaranteed Investment Certificate due March 23, 2016, interest rate of 3.05% per annum	100,000	-
Guaranteed Investment Certificate due March 23, 2016, interest rate of 3.05% per annum	100,000	-
	<u>1,800,000</u>	<u>1,100,000</u>
Amount included as a current asset	<u>400,000</u>	<u>300,000</u>
Amount included as a long term asset	<u>\$ 1,400,000</u>	<u>\$ 800,000</u>

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

NOTE 4 – PROPERTY AND EQUIPMENT

	2011			2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 145,831	\$ 121,582	\$ 24,249	\$ 164,587	\$ 140,150	\$ 24,437
Computer software	151,915	146,837	5,078	132,336	106,257	26,079
Furniture and equipment	190,557	179,063	11,494	186,620	163,126	23,494
Leasehold improvements	311,797	153,177	158,620	311,797	89,728	222,069
Vehicles	137,416	42,806	94,610	-	-	-
Oasis software	674,441	674,441	-	674,441	674,441	-
	<u>\$ 1,611,957</u>	<u>\$ 1,317,906</u>	<u>\$ 294,051</u>	<u>\$ 1,469,781</u>	<u>\$ 1,173,702</u>	<u>\$ 296,079</u>

The Society has developed a customized web based software program for the management of licensing, compliance, learning and the compensation fund within one system. The Society amortizes the software and substantive upgrades over an estimated useful life of 3 years.

NOTE 5 – FINANCIAL INSTRUMENTS

Fair Value

The fair value of the Society's current assets and current liabilities consisting of cash and cash equivalents, money market funds, receivables, and accounts payable are estimated to approximate their carrying amounts due to the immediate or short-term maturity.

Currency, Credit, and Interest Rate Risk

The Society is currently not exposed to significant foreign currency risk.

The Society has counterparty risk exposure for cash on deposit. Risk is mitigated by management policy to hold funds on deposit only with large established financial institutions.

The Society is subject to limited interest rate risk for fluctuations in interest rates upon renewal of deposit funds.

These transactions were in the normal course of operations and were measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 7 – COMMITMENTS

a) The Company has operating lease commitments for office premises (expires September 2018), and office equipment and vehicles (expires April 2010 through March 2013), requiring minimum annual payments in each of the five fiscal years as follows:

2012	172,272
2013	159,743
2014	154,245
2015	165,873
2016	177,500
	<u>\$ 829,633</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year ended March 31, 2011, the Society incurred \$110,106.01 (2010 - \$114,411) in governance costs paid to directors for directors fees and expenses.

During the year ended March 31, 2011, the Society incurred \$243,191 (2010 - \$240,851) to the President of the Society for wages and benefits.

The Society has entered into a ten year lease on new office premises which commenced October 1, 2008. Lease commitments for these premises for the fiscal years ended March 31, 2013 through 2018 require minimum annual payments of \$154,245 increasing to \$177,500 by the fiscal year ended March 31, 2018.

b) The Society is a party to a management services employment agreement with the President of the Society. The agreement provides for payment of

MOTOR DEALER COUNCIL OF BRITISH COLUMBIA
 OPERATING AS MOTOR VEHICLE SALES AUTHORITY OF B.C.

\$198,404 plus benefits annually until May 31, 2013.
 The remuneration is reviewed annually each year by
 the Board of Directors.

NOTE 8 – INCOME TAXES

The Society is exempt from income taxes under the provisions of
 the Income Tax Act (Canada) as a not-for-profit organization.

NOTE 9 – NEW ACCOUNTING PRONOUNCEMENTS

New Accounting Standards Not Yet Adopted

CICA Handbook Part III – Accounting Standards for Not-for-Profit
 Organizations

In December 2010 the Accounting Standards Board ("AcSB")
 issued Part III of the *CICA Handbook – Accounting* to provide
 Canadian private sector not-for-profit organizations with a new
 financial reporting framework for fiscal years beginning on or
 after January 1, 2012. Early adoption is permitted. The Society will
 adopt Part III of the *CICA Handbook* for the year ending March 31,
 2013. Until Part III of the *Handbook* is adopted, the Society will
 continue to follow the pre-changeover accounting standards in
 Part V of the *Handbook*.

NOTE 10 – PRIOR PERIOD RESTATEMENT

In 2010 and prior years the Society had incorrectly interpreted
 and accounted for certain matching contributions to specified
 employee RSP accounts. The incorrect accounting included errors
 in both the amount for matching contributions and the manner
 in which employee and employer contributions were deducted
 from and remitted on behalf of the employee. Subsequent to
 the 2011 year end the errors were discovered and quantified and
 arrangements were made to rectify the errors with the employees.
 The current year's figures include the correct amounts and
 commitments and the prior year figures have been restated to
 reflect the error corrections.

The financial statements for the year ended March 31, 2010, have
 been adjusted to account for the understated salaries and wages,
 resulting in an increase in operating expenses \$47,390 for 2010.
 The opening retained earnings was also adjusted by \$66,228
 to reflect understated salaries and wages from 2009 and 2008.
 Accounts payable and accrued liabilities at March 31, 2010 have
 been increased by \$113,618 to reflect the proportionate liability to
 employees. This balance was settled subsequent to the year end,
 on September 2, 2011. The adjustments had no impact on the
 statement of cashflows other than regarding reclassifications.

The financial statements have also been adjusted to accrue for
 \$36,512 of professional fees paid to an external accounting firm,
 required to rectify the prior period restatement.

The following adjustments were made to the statement of
 changes in net assets and accumulated excess of revenues over
 expenses:

	2011	2010
Opening accumulated excess of revenues over expenses, as previously stated	\$ 620,161	\$ 268,082
Adjustment for understated 2008 and 2009 wages and benefits	(66,228)	(66,228)
Adjustment for understated 2010 wages and benefits	(47,390)	-
Opening accumulated excess of revenues over expenses, as restated	\$ 506,543	\$ 201,854

The following adjustments were made to the statement of
 operations:

	2010
Wages and benefits, as previously stated	\$2,369,507
Adjustment for understated expenses	47,390
Wages and benefits, as restated	\$ 2,416,897

The following adjustments were made to the statement of
 financial position:

	2010
Accounts payable and accrued liabilities, as previously stated	\$ 263,207
Adjustment for unrecorded liability to employees	113,618
Accounts payable and accrued liabilities, as restated	\$ 376,825

**JACK BELL**

Williams Lake, B.C.



Jack Bell, who served for 25 years on the Board of Directors of the Recreation Vehicle Dealers Association of British Columbia (RVDA), was awarded the national industry's greatest honour, The Walter Paseska Canadian RV Dealer of the Year in 2004.

Jack grew up on a Saskatchewan farm before moving to Williams Lake in 1966. After several years working in auto parts, collision and auto glass services, he started selling Recreation Vehicles in 1976. This eventually became Chemo RV - a new dealership in Williams Lake in 1981 and a Quesnel branch which opened in 1988. Now semi-retired, he's moved the Williams Lake operations to new and enlarged facilities at nearby 150 Mile House.

Chemo RV is active in sponsoring numerous events throughout the BC Cariboo region, including the famous Williams Lake Stampede, Billy Barker Days in Quesnel, Canada Day music festivals, fishing derbies, four major golf tournaments in the Cariboo and fundraisers for the less fortunate. Chemo RV has donated to the building funds of the civic sports complex in Williams Lake and to the new arena complex in 100 Mile House. Jack and his wife Leslie have a daughter, Heather and a son, Jason, who now runs the business.

MANSE BINKLEY

Kelowna, B.C.



A past-president of the Manitoba Motor Dealers Association and Chairman of the New Car Dealers Association of British Columbia, Manse Binkley grew up in the auto business. Born in Saskatoon, he moved to Brandon, Manitoba when his father bought a Chrysler dealership in 1954.

After obtaining a Commerce degree from the University of Saskatchewan and subsequent accreditation as a Chartered Accountant in Toronto, he returned to Brandon to take over the

operation of Binkley Motors, which he sold in 1991. Manse then joined the Don Folk Group in Kelowna, from which he purchased the Folk Honda dealership in 1999, to become Harmony Honda. In 2007 he acquired the Acura dealership in Kelowna, now Harmony Acura.

A past member of the Board of Governors of Brandon University, he and his wife Anna have been active supporters of numerous charities in Kelowna. In 2006 they established the A.W. Hunt, QC, Student Emergency Assistance Endowment Fund at UBC Okanagan, with a \$100,000 donation. The Binkleys have three sons, presently at university.

WILLIAM G. BULLIS

Vancouver, B.C.



During a 15-year tenure as President and Chief Executive Officer of the British Columbia Automobile Association, Bill Bullis established a new era for the 775,000 member organization. He was instrumental in the evolution of sophisticated governance, dynamic business practices and enhanced member services. In 1995, he brought

to the BCAA a vast business background: a former Executive Vice-President of CUC Broadcasting, a diversified telecommunications company with operations in Canada and the UK; various executive positions within the Pillsbury Company, including President of Burger King Canada; and Vice-President, Operations, for the St. Lawrence Sugar Company. He has a Bachelor of Science degree from Whitworth University in Spokane, Washington and subsequently completed the Advanced Management Program at Harvard University. Bill has served on several Greater Vancouver-area Boards of Directors and agencies, most notably Oceans Blue Foundation, an environmental charity; Science World; the BCIT Foundation and the Burnaby Board of Trade. He is married with two children and cites his activities as "family, boating, motorcycle touring, Nordic skiing, music and reading."

AL CAMERON

Parkville, B.C.



A Nova Scotia native who relocated to British Columbia in 1995, joining the Jim Pattison Auto Group in Victoria and Duncan, Al Cameron and his wife Bea founded their own business, Bluenose Motor Co., in Parkville in 2003. A Director of the ARA Licensed Motor Dealers Division of the Automotive Retailers Association, he was proud that his company was voted Parkville's "Small Business of the Year" in 2007.

Al says the car business is in his blood, a legacy from a favoured uncle and mentor who operates the largest independent auto dealership in Atlantic Canada.

He is currently a member of the Board of Directors of the Parkville & District Chamber of Commerce, an active Rotarian with the Parkville AM Club and a volunteer with Project Literacy. Al and Bea live in Nanaimo with their two children.

JOHN A. CHESMAN

Vancouver, B.C.



John Chesman is the immediate past Chairman of the New Car Dealers Association of British Columbia (NCDA), and General Manager of MCL Motor Cars (1992) Inc. He became prominent in British Columbia while serving for 15 years as Vice-President, Finance and Administration, for Northwest Sports Enterprises Ltd. (The Vancouver Canucks). Prior to that, he had been Chief Accountant for Dillingham Corporation and

Controller/Treasurer of HB Contracting Ltd. His introduction to the motor dealer industry was with the Jim Pattison Group as Vice-President of the Automobile Division.

John's community and charitable pursuits have been with Boys and Girls Clubs of Greater Vancouver (25-years of service, including the Board of Directors); twice President of the Vancouver Golf Club; a founding director of the Canuck Foundation; President of the Surrey Minor Hockey Association; and a coach of both minor hockey and little league baseball. He was awarded the Queen's Jubilee Medal for distinguished public service in 2002. He is married (45 years) with two sons and five grandchildren.

REBECCA DARNELL

Langley, B.C.



Rebecca Darnell graduated from UBC Faculty of Law in 1994 and was called to the Bar in British Columbia in May of 1995. She articulated with the Ministry of Attorney General in Victoria, BC, during which time she represented the Crown in civil, criminal and administrative proceedings throughout British Columbia and also did a rotation at Legislative Council where she observed and assisted in drafting

new and amended legislation. On completing the articling term, Rebecca immediately opened a firm in Langley. That firm has now grown to five lawyers and eight full time staff with a broad practice focus including both solicitor and barrister work.

She is very active in her profession and the community. Rebecca was President of the Langley Community Services Society from 2001 to 2008; a Past-President of the Fraser Valley Bar Association; an elected Member of the Canadian Bar Association Provincial Council since 2008; and a Life Member of the Women's Legal Education and Action Fund. She has a special interest in board governance and legislative reform.

Rebecca has been a member of the Board of Governors of Kwantlen Polytechnic University from 2004 until 2010; a Board member of the College of Massage Therapists of British Columbia since 2009, a Rotarian since 1995 and a proud supporter of Junior A hockey in Langley.

MICHAEL FAULKNER

Victoria, B.C.



Michael Faulkner is a senior administrator with over 35 years of public service in the fields of finance, secondary and post-secondary education. He was the Corporate Secretary and Senior Financial Officer for Alberta Treasury from 1981 to 1998; a period of significant challenge and change in that province's history. More recently, he was Vice President of Alberta College in Edmonton during its merger with larger post-secondary

institutions and then Vice President of Fairview College in Northern Alberta as it merged with the Northern Alberta Institute of Technology.

Michael has served on numerous Alberta Government councils and regulatory authorities during his working career. Since retirement in 2004, he has served on Alberta's degree accreditation council, at its inception, and was a Public Member on the board of the Alberta College of Pharmacists. He is an avid and accomplished cyclist and now makes his home in the City of Victoria.

MORAY BLAIR KEITH

Delta, BC



Moray Keith is the President of the Dueck Auto Group – 3 General Motors Dealerships of which Dueck Chevrolet Buick Cadillac GMC Limited is the largest in Canada, along with Dueck Downtown and Dueck Richmond. He is a member of the New Car Dealers of BC Board of Directors, and he serves on General Motors Regional and National Marketing Advisory Boards.

In addition to sitting on the Board of Directors of the VSA, Moray also serves as a Director of a number of organizations, including the BC Lottery Corporation, the Richmond Oval Corporation, the Vancouver Board of Trade, and is the Chairman of the Delta Police Foundation. He is a Director of the BC Football Hall of Fame, and a Founding Member of the BC Lions Waterboys. He was the Chairman of the 2011 Grey Cup Festival in Vancouver.

Moray is the President of the Chiefs Development Group, which built and opened the Prospera Centre Arena in Chilliwack, BC, and the Langley Events Centre in Langley BC. His most current project - The Moose Jaw Multiplex in Moose Jaw, SK opened in September of 2011. Moray is the current Co-Owner of the Chilliwack Chiefs BCHL Hockey Club and is also the proud recipient of the 2010 JCC Sports Personality of the Year Award.

DON NIXDORF, DC

New Westminster, B.C.



Dr. Don Nixdorf has been among Canada's most prominent health professionals for more than a generation, a member of national and provincial agencies and a participant in many studies and Commissions. A Vancouver native and graduate of the Palmer College of Chiropractic in Davenport, Iowa, he has been Executive Director of the British Columbia Chiropractic Association and the College of Chiropractors of B.C. since 1985.

He is also a veteran of countless encounters in all forms of media on behalf of his profession, including his own open-line radio health program, and the co-author of the 2005 book *Squandering Billions*, which analyzed health spending in Canada. Don's work keeps him in frequent contact with health ministers, other professionals, media, insurance companies and community organizations. He currently serves as a medical member on the federal government's Disability Pension Review Tribunal. He and his wife Carol reside in New Westminster.

GRAEME ROBERTS

Nanaimo, B.C.



A former Mayor of Nanaimo and among the city's prominent business personalities for more than a generation, Graeme Roberts has served in senior executive and Board of Directors positions for a succession of public and private sector entities, local, regional and national. He is a past Chairman of the British Columbia Public Service Commission and also served on the Boards of Air Canada Jazz, its predecessors and the B.C. Ferry Corporation.

He is a former District Governor of his service club organization, Gyro International. Graeme is a member of the Board of Directors of the Victoria Airport Authority. His business background includes the ownership of Toyota and Honda dealerships in Nanaimo. He is a past-president of what is now the New Car Dealers Association of B.C.

Among his private passions has been 20 years of volunteer work in amateur sport for youth, seniors and people with disabilities through the B.C. Games Society. In this cause he has attended close to 60 Games in more than 40 B.C. communities. Graeme and artist wife Kathryn Amisson reside at Brentwood Bay near Victoria.

GORD VALENTE

West Vancouver, B.C.



Gord Valente, the proprietor of West Vancouver's Auto Depot Ltd., is President of the Automotive Retailers Association (ARA) and Chair of the ARA Licensed Motor Dealers Division. A Montreal native who grew up in Saint John, N.B., he completed his formal education at Vancouver College and the British Columbia Institute of Technology. He spent 20 years in the new car business working with prestigious industry names such as Wolfe and Carter, including several years as dealer principal of Carter Dodge Chrysler in New Westminster, at one time the third highest volume Dodge Chrysler dealer in Canada.

Gord was owner-operator of Westminister Chev-Geo Olds Ltd. from 1992 until 1997, when the dealership was sold back to General Motors. Auto Depot Ltd. was founded in New Westminster in 1997 specializing in the sale and lease of preowned import vehicles. In 2004, the dealership relocated to West Vancouver. During his many years in the Royal City, Gord Valente became active in numerous community pursuits, including directorships of the Westminister Club, the New Westminster Salmonbellies Senior Lacrosse Club and the St. John Ambulance Society.

MANAGEMENT TEAM

**KEN SMITH**

President and Registrar | A lawyer, mediator, educator, a past chief executive officer of a Crown Corporation and the developer of an internationally recognized program in leadership and organizational development, Ken Smith was appointed to direct the new Motor Dealer Council of B.C. (now the VSA), prior to the start of business on April 1, 2004.

IAN CHRISTMAN

Director of Licensing and Deputy Registrar | Ian Christman is a lawyer with a background in administrative and regulatory law, complex commercial litigation and class actions, constitutional law, products liability, employment law and legal research. He also has many years of experience in the automotive industry.

DOUG LONGHURST

Director of Consumer Services and Professional Development | Joining the VSA in October 2006, Doug Longhurst began as Manager of Research and Special Projects. A principal assignment has been the development of the Learning Division and its programs, which, in addition to consumer services, are now under his management. He has had 30 years of planning and management experience in university, non-profit housing, family business and public service environments.

JUDY MCRAE

Manager of Corporate Services and Communications | Judy McRae became part of the team that created the new independent Authority, joining in February 2004 two months prior to the official start of business. She brought to the organization years of experience working in administration, marketing and communications in both the public and private sectors, providing executive support to the President/Registrar and Board of Directors. Promoted to her current position during 2006, she has a Communications degree from Simon Fraser University.

HONG WONG

Manager of Licensing | Following extensive professional experience as a food and beverage manager, administrator and motor vehicle sales representative, Hong Wong joined the VSA team in August 2006 as the Senior Licensing Officer and immediately made his mark helping to eliminate extensive backlogs in the processing of licences and information requests, and implementing new standards of service efficiency. He was promoted to his current position in the latter part of 2007.

DARYL DUNN

Manager of Compliance and Investigations | Daryl Dunn has had an extensive career with the RCMP and during those years, was involved in several complex investigations in the Lower Mainland. As part of the ICBC Special Investigation Unit, he was involved with the investigation of fraud, theft and other criminal and civil matters involving heavy equipment. He spent several years in the private sector as a partner in an investigations company operating throughout Western Canada, and regularly lectures to Law Enforcement and Insurance agencies in the United States and Canada on vehicle identification.

ANNA GERSHKOVICH

Manager of Consumer Services | A native of St. Petersburg, Russia, with a Masters Degree in linguistics, Anna Gerskhovich worked as a translator/interpreter in both St. Petersburg and Richmond, Virginia. After relocating to Canada, she acquired certification as a paralegal and additional academic credentials from the Sauder School of Business at UBC. She joined the VSA in 2007 as the Administrator of the Motor Dealer Customer Compensation Fund, and subsequently its Claims Manager. She was promoted to her current position in March 2009.



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